

REPORT ON VOTING RIGHTS EXERCISED IN 2019

For all unitholders, including non-professional unitholders, within the meaning of MiFID

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1. GENERAL FRAMEWORK

As a management company acting on behalf of third parties, Natixis Investment Managers International considers that its responsibility and duty of care to unitholders encompasses monitoring changes in the value of their investments and exercising the non-economic rights attached to the securities held in the portfolios it manages. Therefore, Natixis Investment Managers International casts votes in the exclusive interest of unitholders.

For all funds that Natixis Investment Managers International manages, without delegation to an Affiliate, the applicable voting policy is as described in this document.

Natixis Investment Managers International may delegate the choice of securities to various Natixis management companies (Affiliates), in accordance with its “multi-Affiliate” model.

As stated in the legal documents for the relevant funds, this delegation is governed by a contract between Natixis Investment Managers International and the Affiliate to which Natixis Investment Managers International delegates the exercise of voting rights, in accordance with its own voting policy. This policy is available on the Affiliates’ websites.

If the choice of shares is delegated to more than one Affiliate, the applicable voting policy is the policy described in this document.

1.1. VOTING POLICY

In 1998, Natixis Investment Managers International¹ adopted a voting policy that defines the principles it intends to follow when exercising voting rights at general meetings. The principles set out in the voting policy establish the framework under which Natixis Investment Managers International conducts an independent analysis of the proposals submitted and determines how it exercises voting rights in an informed manner in the exclusive interest of unitholders. They are revised annually to take into account current corporate governance practices and regulatory changes that may have occurred during year.

1.2. ORGANISATION OF NATIXIS INVESTMENT MANAGERS INTERNATIONAL FOR THE EXERCISE OF VOTING RIGHTS

The exercise of voting rights is structured on the basis of two separate activities:

- **Analysis of resolutions:** Resolutions are analysed with the assistance of a voting service provider, in accordance with the principles set out in the voting policy drafted by Natixis Investment Managers International and approved by its Executive Committee.
- **Voting:** votes are cast by the Middle Office Flows unit of Ostrum Asset Management, a subsidiary of Natixis Investment Managers, which also handles relations with service providers and depositaries.

1.3. BREAKDOWN OF GENERAL MEETINGS AT WHICH VOTES WERE CAST

Natixis Investment Managers International has a platform, accessible from its website, that presents in detail all votes cast by Natixis Investment Managers International on the resolutions submitted to the general meetings of companies held by the funds that cast votes. Access to this platform is public, thus meeting the requirements of the regulation of the French Financial Markets Authority (AMF) (Article 319-22 of the AMF General Regulation).

¹ Since 1 October 2018, Natixis Investment Managers International has been the new corporate name of Natixis AM – Paris Trade and Companies Register No. 329 450 738

2. VOTING RIGHTS EXERCISED BY NATIXIS INVESTMENT MANAGERS INTERNATIONAL

2.1. 2019 VOTING SCOPE

In accordance with the AMF regulations on the exercise of voting rights by management companies (Article 319-22 of the General Regulation) and in accordance with the principles defined in its voting policy, Natixis Investment Managers International exercised the voting rights attached to the securities held in the UCIs it manages (excluding delegations to Natixis Investment Managers Affiliates) for which it held voting rights.

In 2019, the voting scope comprised **597** securities held in **41** UCIs.

Within this voting scope, 656 general meetings (GMs) were held in 2019. Natixis Investment Managers International exercised its voting rights at 606 general meetings, i.e. a participation rate of 92.4%.

Natixis Investment Managers International did not exercise its voting rights at 50 general meetings due to technical or administrative problems (migration of funds to the systems of the service provider tasked with casting the vote, validity of proxies, etc.).

Répartition des votes par zone géographique		
Zone	Nombre d'AG	En %
Europe	309	51.0%
Amérique	154	25.4%
Asie	140	23.1%
Afrique	3	0.5%
Total	606	100.0%

2.2. GENERAL STATISTICS

Of the 606 general meetings at which confirmed votes were cast, Natixis Investment Managers International voted on 8,868 resolutions.

Répartition des votes par zone géographique		
Zone	Nombre résolutions	En %
Europe	5 254	59.2%
Amérique	1 867	21.1%
Asie	1 686	19.0%
Afrique	61	0.7%
Total	8 868	100.0%

Of these 8,868 resolutions:

- Natixis Investment Managers International voted in favour of 7,161 resolutions, i.e. 80.8%;
- Natixis Investment Managers International voted against 1,578 resolutions, i.e. 17.8%;
- Natixis Investment Managers International abstained on 129 resolutions, i.e. 1.5%.

Of the 262 resolutions proposed by shareholders, Natixis Investment Managers International voted in favour of 133, i.e. 50.8%.

Natixis Investment Managers International cast at least one negative vote at 483 general meetings, i.e. 79.7% of the general meetings at which it voted.

Répartition des votes par zone géographique							
Zone	Pour	En %	Contre	En %	Abstention	En %	Résolutions
Europe	4 283	81.5%	901	17.1%	70	1.3%	5 254
Amérique	1 517	81.3%	291	15.6%	59	3.2%	1 867
Asie	1 315	78.0%	371	22.0%	0	0.0%	1 686
Afrique	46	75.4%	15	24.6%	0	0.0%	61
Total	7 161	80.8%	1 578	17.8%	129	1.5%	8 868

The opposition rate² varied considerably by geographical area, ranging from 18.5% in Europe to 24.6% in Africa.

These differences can be explained by several factors, including:

- the number of resolutions proposed on the agenda, which varies from one country to another;
- the diversity of matters put to a vote of the shareholders, which differ from one region to another and from one country to another;
- the importance of certain issues on the agendas of general meetings in certain countries, considering Natixis Investment Managers International's guidelines;
- the alignment of local practices with international standards.

² Number of negative votes divided by all votes cast

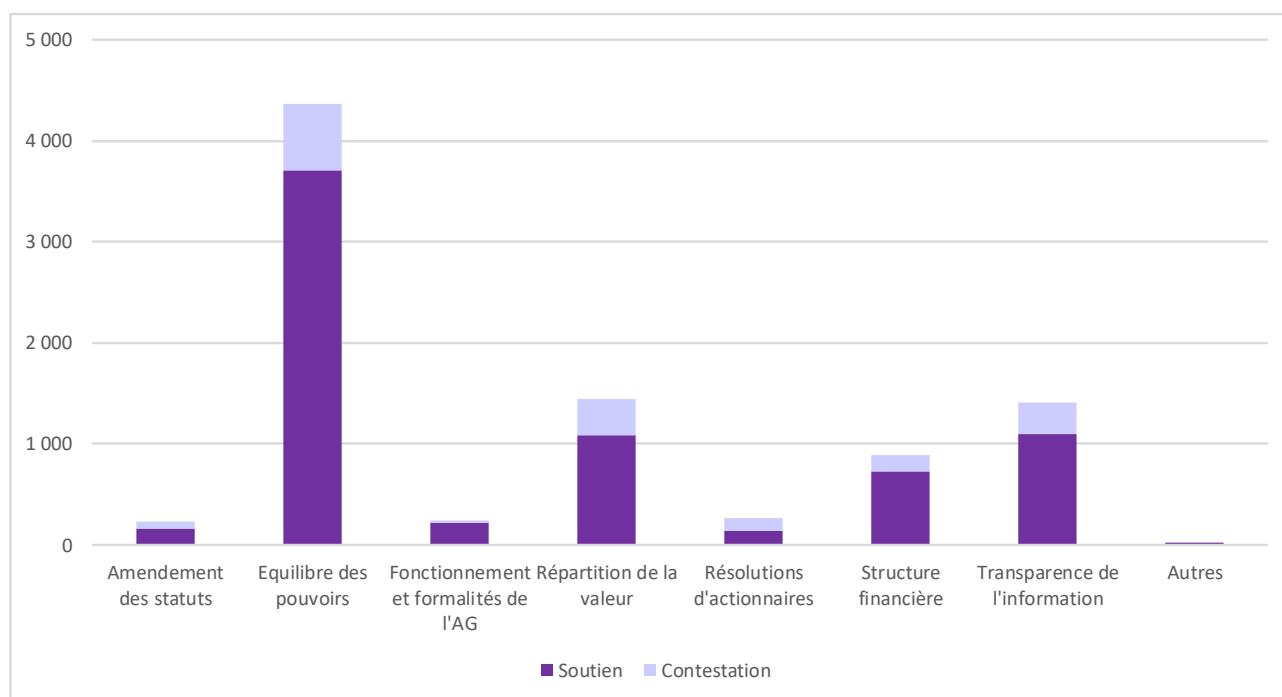
2.3. ANALYSIS OF RESULTS BY GEOGRAPHICAL AREA

2.3.1 All geographical areas

For all geographical areas and all issues combined, the average opposition rate was 19.2%.

The disparity in opposition rates on each issue reflects the market biases specific to the voting universe, as well as the issues flagged for specific attention by Natixis Investment Managers International's voting policy.

Figure 1: Breakdown of votes in all geographical areas



On resolutions concerning **balance of powers**, i.e. primarily the election of new directors, the share of negative votes was relatively low, with an opposition rate of 15.0%.

Issues relating to **information transparency**, the cornerstone of responsible governance, continued to generate a negative vote in more than one in five cases (22.1%). This issue covers resolutions requesting approval of financial statements, granting discharges, as well as the appointment of statutory auditors.

The issue of **distribution of value** saw a significant deterioration in practices this year, with a vote cast against 24.9% of resolutions. However, the situation on this issue varied widely: whereas the opposition rate in Europe was 20.1%, it was much higher in the Americas (54.2%).

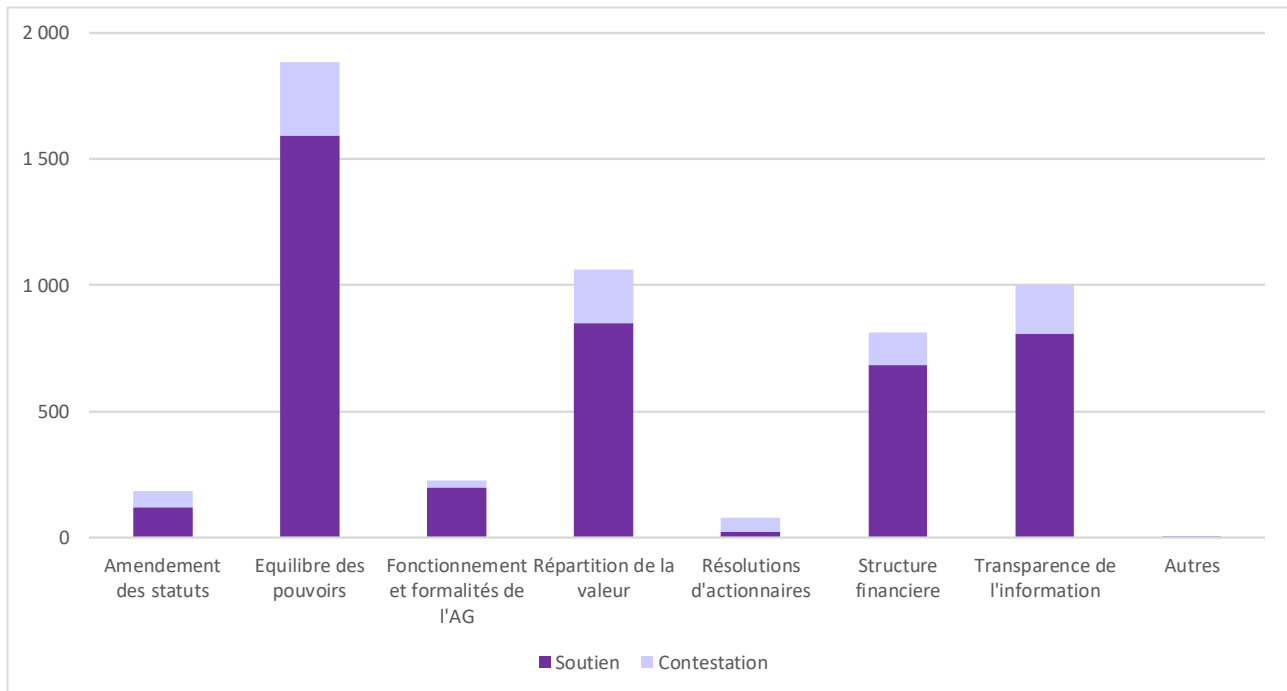
Votes were cast against **shareholder resolutions** in 49.2% of cases, which reflects the rigour of Natixis Investment Managers International's expectations as to their content, level of transparency and potential impact on the company.

Overall, opposition rates remained high, thereby reflecting the still considerable margin for progress on key corporate governance issues.

The analysis of the share of negative votes by issue and geographical area below (see section 2.4) will highlight the differences in Natixis Investment Managers International's approach depending on the markets concerned.

2.3.2 Europe

Figure 2: Breakdown of votes in Europe



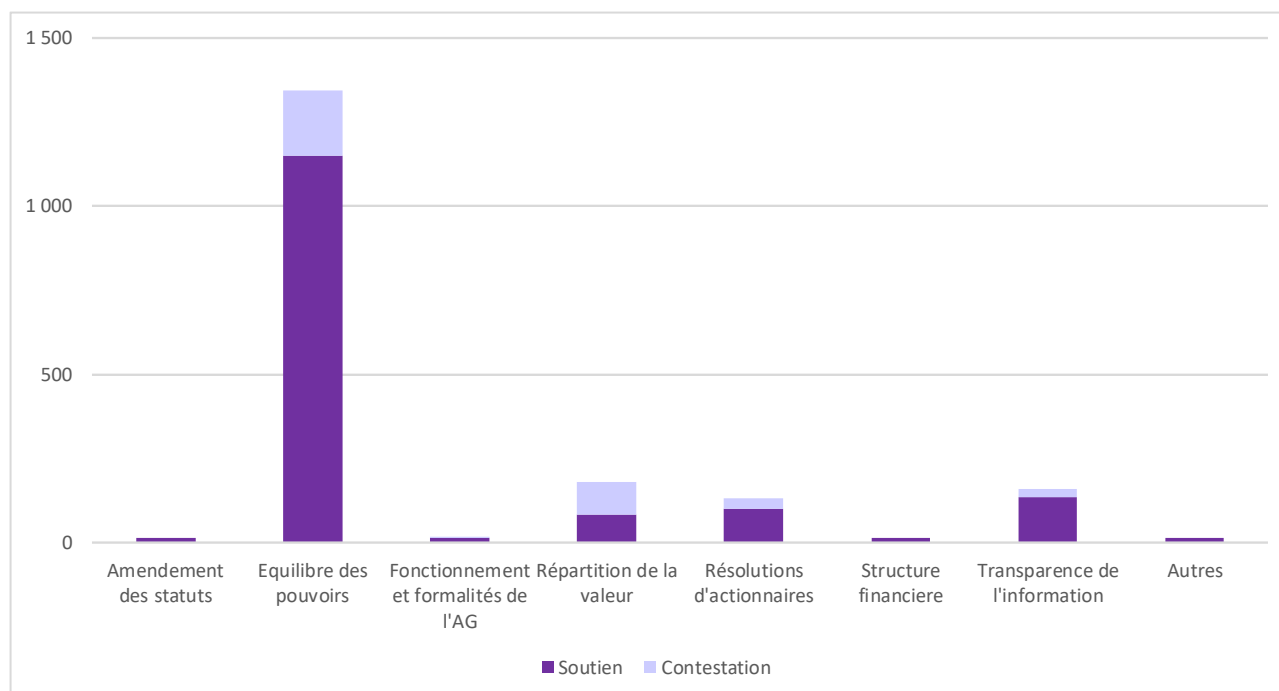
Europe is the predominant area in the voting scope, accounting for 59.2% of the resolutions for which votes were cast in Natixis Investment Managers International's global universe.

Resolutions concerning amendments to articles of association and distribution of value had the highest opposition rates, in line with the requirements of Natixis Investment Managers International's voting policy.

Balance of powers issues had lower opposition rates, reflecting a greater awareness of good governance practices by European companies and stricter laws.

2.3.3 Americas

Figure 3: Breakdown of votes in the Americas



In the Americas region, the US market concentrated the majority of votes.

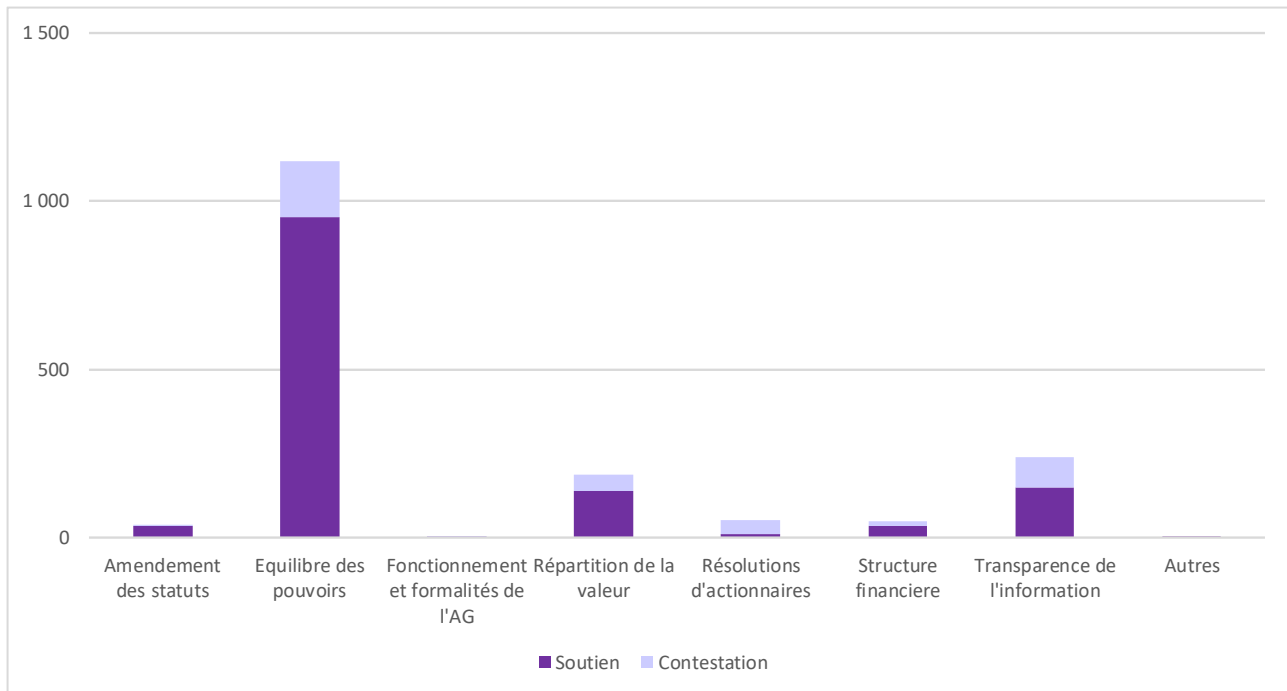
This predominance of the US market was particularly reflected in “remuneration” issues, for which Natixis Investment Managers International’s opposition rate was particularly high. This is primarily due to its stricter requirements in terms of executive remuneration in order to bring it in line with the European market, in particular with respect to:

- post-employment benefits: negative vote if severance payments can exceed two years’ salary;
- long-term plans: negative vote if they are not fully subject to performance conditions or if such conditions are based solely on changes in the share price;
- extraordinary remuneration: vote against golden parachutes and unjustified extraordinary bonuses.

The issue on the agendas of general meetings most often submitted to a vote of the shareholders concerned elections of directors (“Balance of powers”). The primary reason for this is that in many US and Canadian companies the entire board is up for renewal annually. Board independence continues to be a key issue in the US market; Natixis Investment Managers International opposed the appointment or reappointment of directors in 14.3% of cases. In the absence of a national standard in the United States for classifying directors and board independence, the assessment of these characteristics by the companies is somewhat unclear, and many directors retain interests (particularly commercial interests) or have served on boards for over 12 years.

2.3.4 Asia

Figure 4: Breakdown of votes in Asia



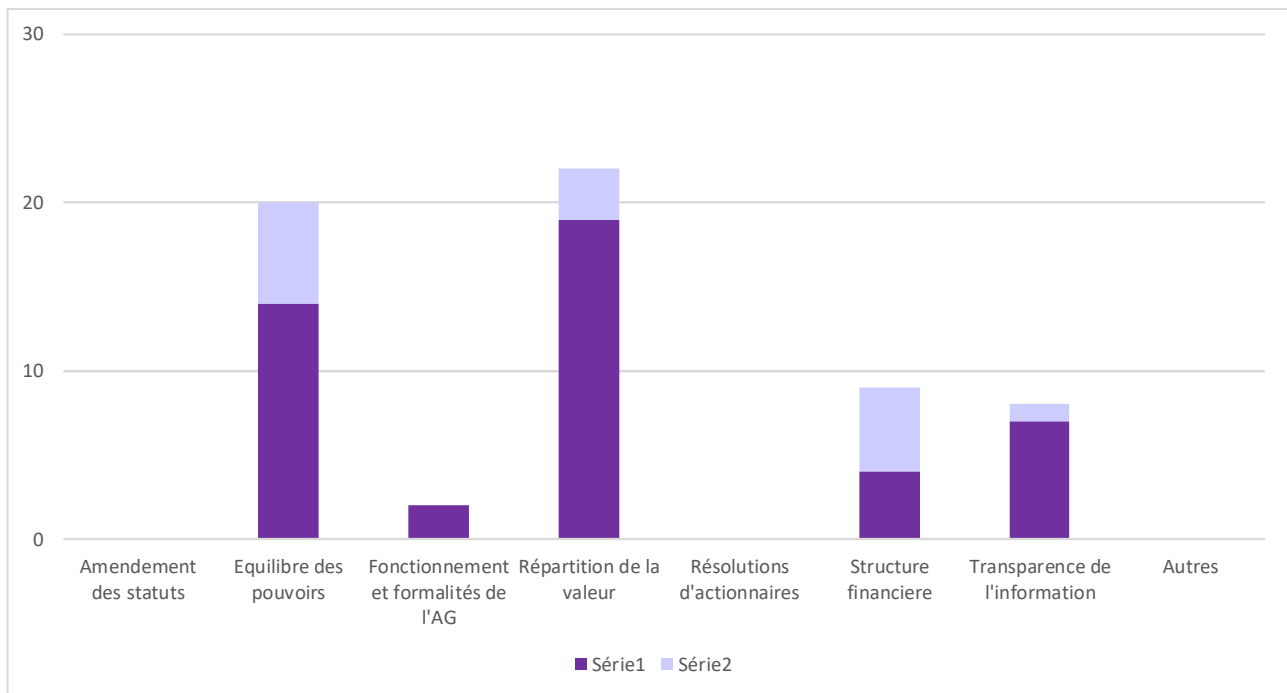
The majority of resolutions put to a vote in this geographical area concerned the election of directors.

The opposition rate decreased significantly, reflecting the efforts of Asian regulators and companies to bring governance practices more closely in line with international standards.

On issues of information transparency, however, the opposition rate remains higher than the average: 38.8% of resolutions received negative votes.

2.3.5 Africa

Figure 5: Breakdown of votes in Africa



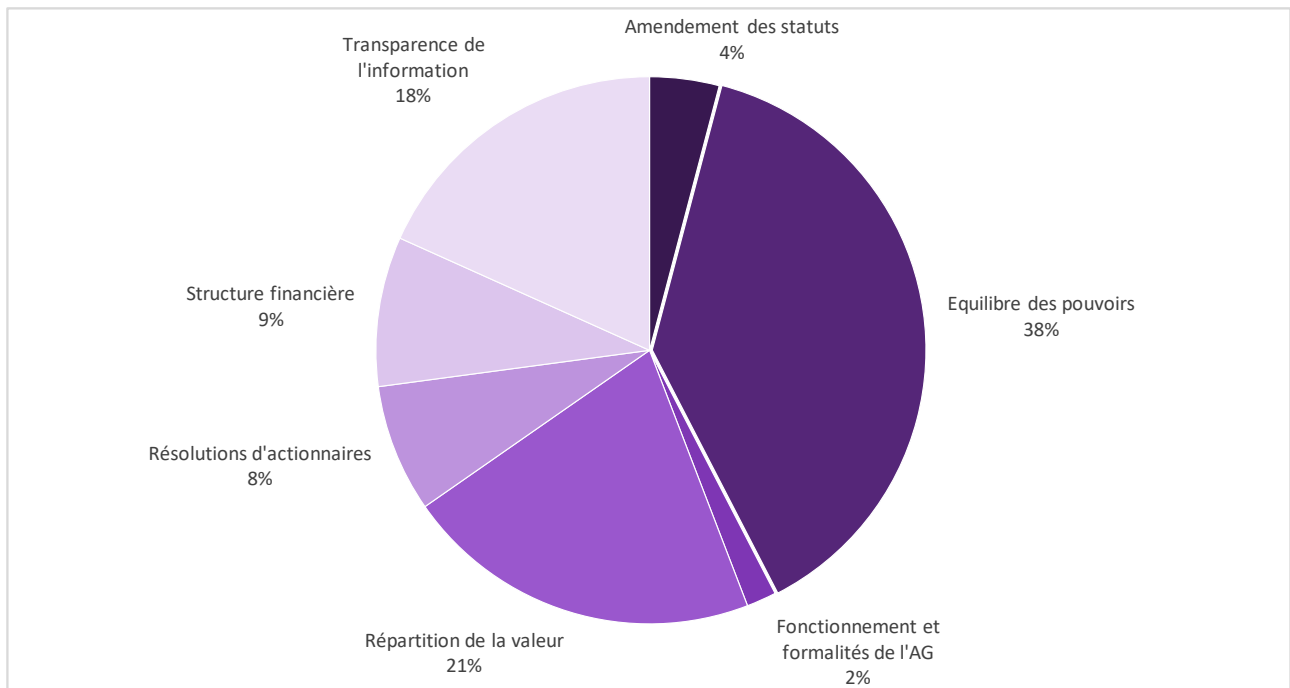
In Africa, we voted in only one country: South Africa.

Our capital transactions requirements are reflected in our very high opposition rate in the “Financial structure” category (55.6%). This opposition rate is also due to the difference between African standards and Natixis Investment Managers International’s standards, which are based on best governance practices.

Distribution of value issues are less problematic in Africa than in the rest of the world, with an opposition rate of only 13.6%.

2.4. ANALYSIS OF FACTORS JUSTIFYING NEGATIVE VOTES

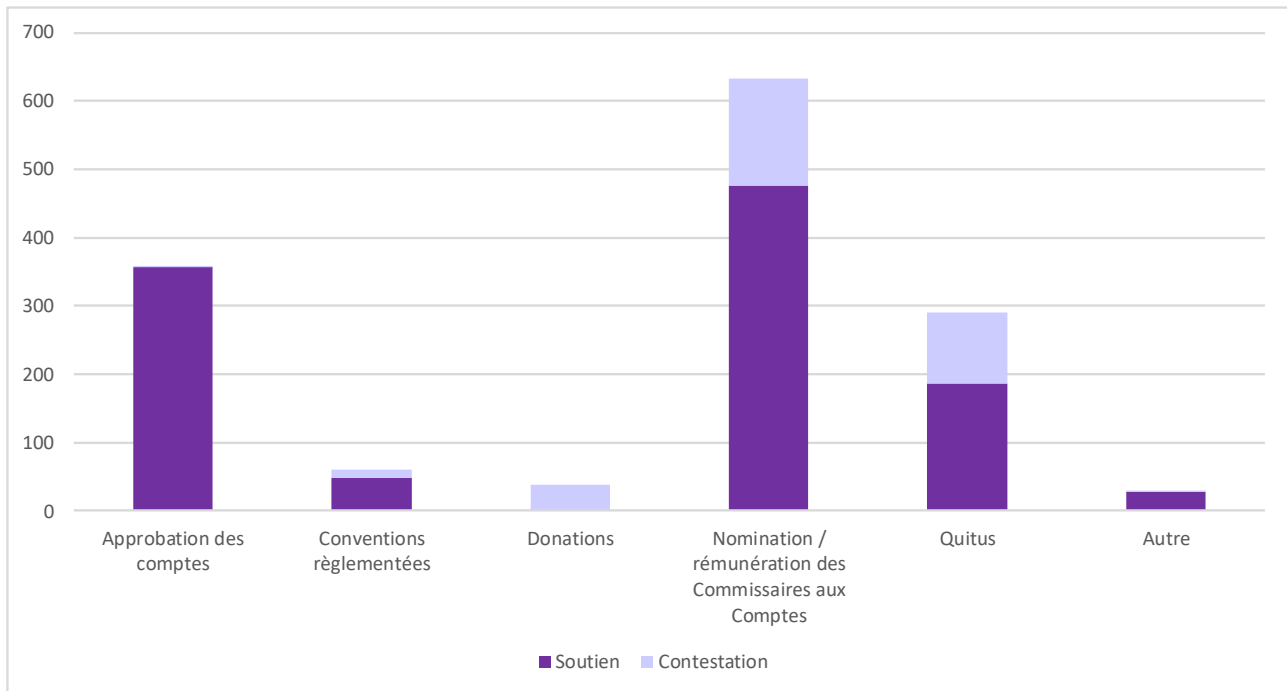
The breakdown of votes cast against all resolutions submitted to a shareholder vote is shown below:



2.4.1 Transparency of financial and non-financial information

Information transparency issues accounted for 18.3% of negative votes.

Figure 7: Breakdown of votes on “Information transparency” issues



On this issue, Natixis Investment Managers International paid particular attention to the granting of discharges and resolutions concerning statutory auditors (appointments and remuneration).

With regard to the granting of discharges, the level of opposition is primarily due to Natixis Investment Managers International’s refusal to vote in favour of such resolutions in countries where such a vote undermines shareholders’ ability to subsequently initiate legal proceedings. This practice continues to be applied in several European countries despite investors’ objections.

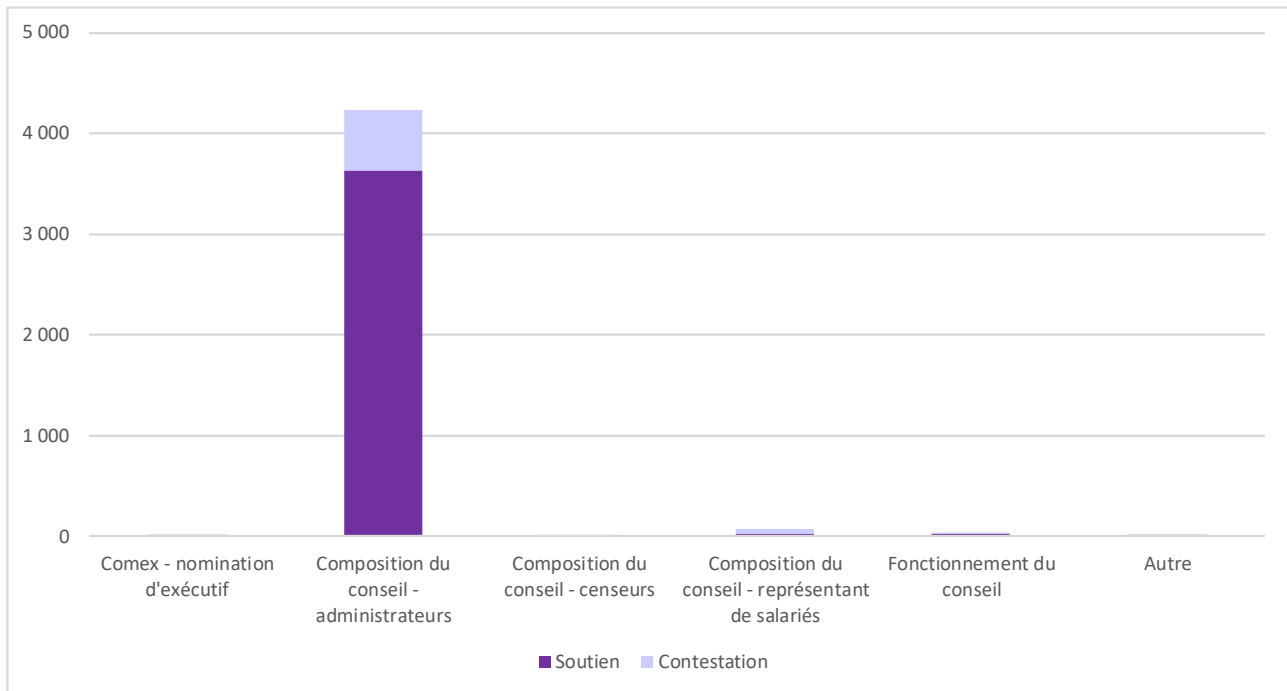
With regard to the appointment and remuneration of statutory auditors, negative votes were cast essentially in cases in which their independence was subject to question, i.e. when the fees received for non-audit services represented more than 50% of the fees received for audit assignments. Marginally, this also concerned Japanese companies proposing the appointment of non-independent auditors.

On the issue of donations to political parties, negative votes were cast primarily in the United States, where political parties are largely financed by companies, thus generating major conflicts of interest that justify the opposition in principle to this practice.

2.4.2 Balance of powers

Resolutions on the balance of powers accounted for 38.3% of negative votes.

Figure 5: Breakdown of votes on “Balance of powers” issues



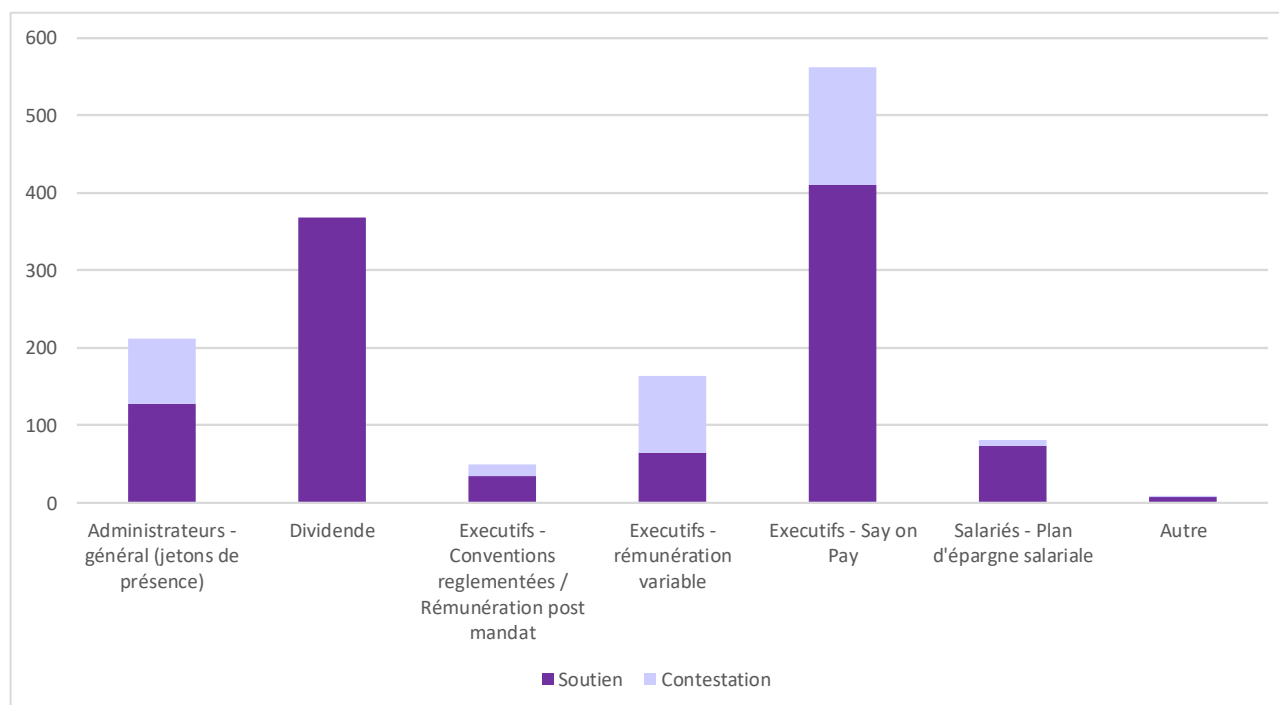
Resolutions concerning the election of directors accounted for nearly all resolutions on this issue. However, the opposition rate on this issue was relatively moderate (14.3%), with the majority of votes cast in the European market, where practices tend to be in line with the rules of good governance.

This year, Natixis Investment Managers International did not vote in favour of any of the appointments of board observers proposed for election. A favourable vote is possible only if the appointment is temporary, exceptional and justified, and if the board is sufficiently independent in view of Natixis Investment Managers International's expectations.

2.4.3 Distribution of value

Remuneration issues accounted for 21.1% of negative votes.

Figure 6: Breakdown of votes on “Distribution of value” issues



On remuneration issues, Natixis Investment Managers International focused, in particular, on the approval of executive remuneration policies or reports. In accordance with its voting policy, Natixis Investment Managers International cast a negative vote if the level of transparency was well below best market practices and did not provide for a link between the remuneration paid and value creation and/or when the remuneration policy or practices were inconsistent with the company’s actual performance.

Negative votes on the components of long-term remuneration were prompted primarily by the lack of a link with long-term value creation (e.g. grant of all or some instruments without associated performance conditions). Another area of concern observed at the European level was the lack of clear and precise information on applicable performance conditions (if they exist).

Some companies have encountered difficulties in establishing remuneration policies for the first time that comply with Natixis Investment Managers International’s requirements in this area. Of particular note are regulatory developments, particularly in France, that allow greater consideration of shareholders’ views in remuneration matters.

The opposition rate to resolutions on variable remuneration submitted for a separate vote was 61.0%. Increasingly, variable elements are put to a vote in separate resolutions. Variable compensation plans manifestly diminished in quality in 2019.

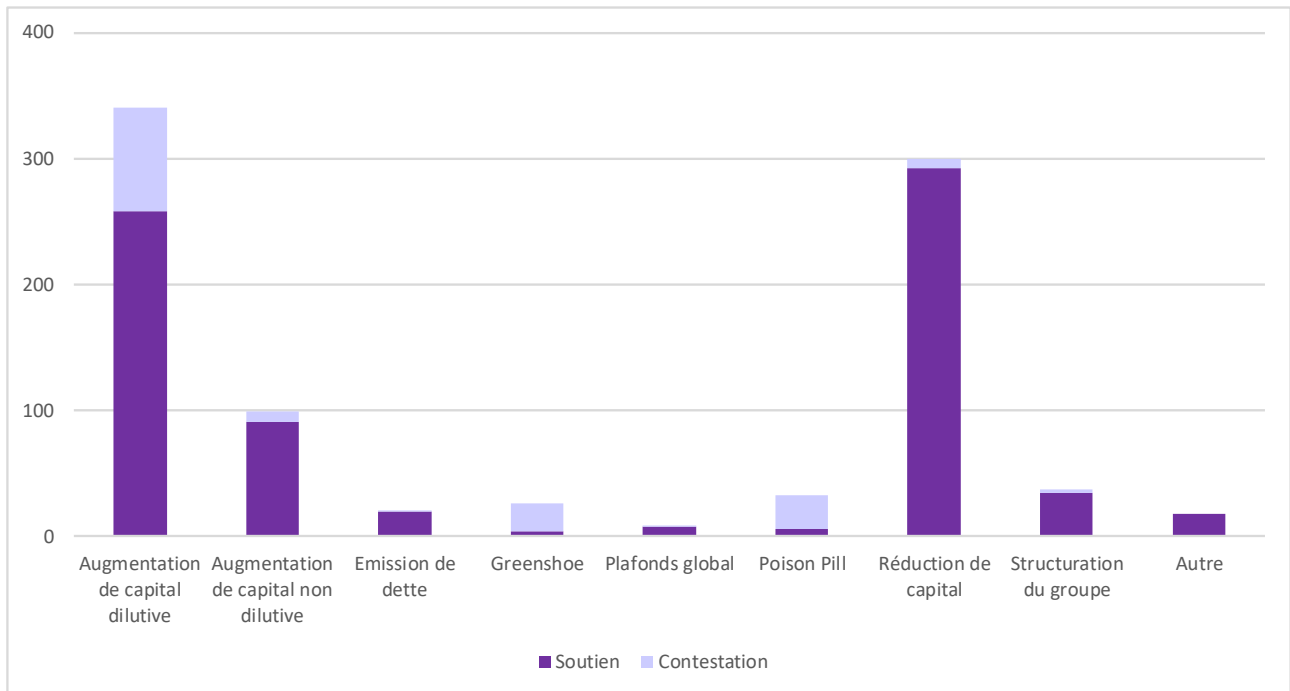
Regarding directors’ remuneration (directors’ fees), Natixis Investment Managers International systematically opposed the payment of variable instruments indexed to the company’s stock market performance. Aligning directors’ interests with the company’s stock market performance presents a potential risk of conflicts of interest in the exercise of their duties. On the issue of directors’ fees, Natixis Investment Managers International’s approach aimed to sanction excessive and unjustified increases in the overall budget.

Lastly, since Natixis Investment Managers International is very much in favour of employee stock ownership and profit-sharing, it supported almost all resolutions on employee savings plans and opposed them only in the few cases where employee savings could be used by the company to control voting rights.

2.4.4 Financial structure

Resolutions on the financial structure of companies accounted for 8.8% of total negative votes.

Figure 7: Breakdown of votes on “Financial structure” issues



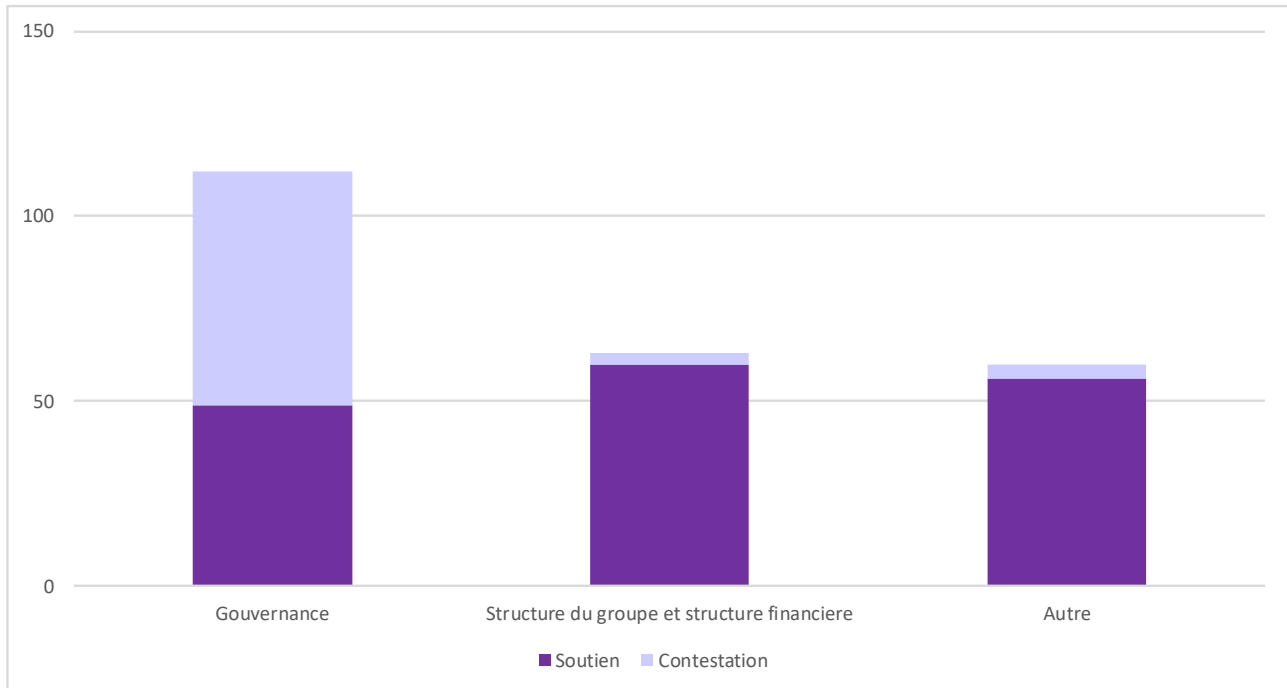
Dilutive capital increases generated a significant opposition rate of 24.1%. The main reason for opposing these resolutions was that the thresholds set in Natixis Investment Managers International’s voting policy were exceeded. On this issue, corporate practices seem to change little, as evidenced by Natixis Investment Managers International’s consistent opposition rate over the years.

Financial authorisations that can be used as anti-takeover protection measures also generated a significant level of negative votes (81.8%). This type of resolution is due to a specificity of the European market. Although Natixis Investment Managers International has opted for a rather pragmatic approach on this issue, the opposition rate shows that the governance structure often does not provide sufficient guarantees to ensure that these arrangements will be used in the company’s long-term interest.

2.4.5 Amendments to articles of association

Amendments to articles of association accounted for 4.1% of negative votes. They primarily concerned governance issues.

Figure 8: Breakdown of votes on “Amendments to articles of association” issues



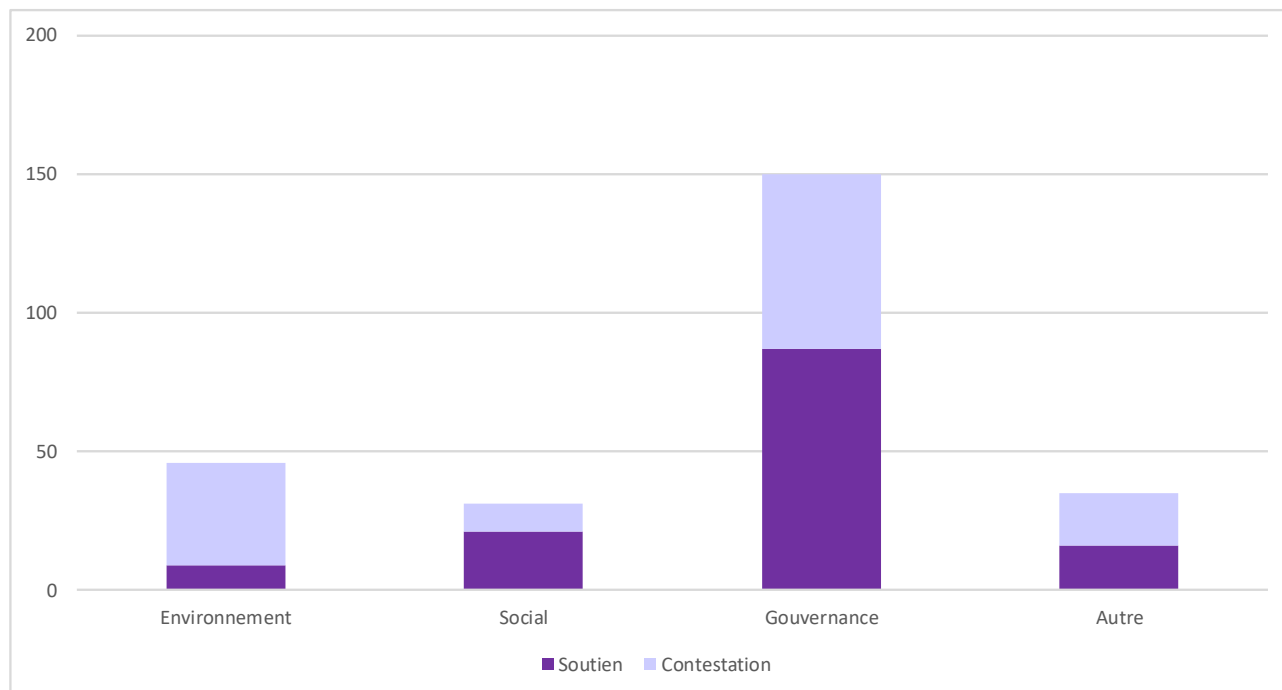
Overall, resolutions proposing amendments to the articles of association with an impact on governance generated the bulk of negative votes. Proposed amendments relating to the financial structure and other matters were much less likely to be opposed.

In the United Kingdom, proposed amendments to the articles of association put to a vote were still opposed to a fairly significant extent. The resolutions submitted on these issue most often attempted to reduce the time required to convene an extraordinary general meeting. Given the importance of the matters considered at this type of general meeting, the deadlines proposed seemed too short to ensure an informed analysis of the resolutions.

2.4.6 Shareholder resolutions

Shareholder resolutions accounted for 7.6% of total negative votes and focused mainly on governance issues. Although the majority of shareholder resolutions put to a vote are submitted at general meetings in the US, Italy is also a significant player in this area.

Figure 9: Breakdown of votes on “Shareholder resolutions” issues



In the United States, resolutions on the right to propose candidates for a vote continued to be a dominant issue in this market and affected mainly mid- and small-caps, reflecting the success of shareholder campaigns in S&P 500 companies in recent years. Natixis Investment Managers International is also very much in favour of this type of resolution. Other governance issues concerned matters such as the structure of the board (e.g. creating committees, setting up staggered elections, or amending the articles of association to require the appointment of an independent chairman) and the remuneration policy (adding CSR criteria to the performance criteria used to determine executive remuneration). For this type of resolution, Natixis Investment Managers International’s approach was to vote on a case-by-case basis depending on various factors (see voting policy). Natixis Investment Managers International paid particular attention to the company’s exposure and involvement in the issue raised by the shareholder.

With respect to social issues, the majority of Natixis Investment Managers International’s negative votes were cast against resolutions that were too specific or too vague and, therefore, were deemed not to be in the company’s long-term interest. Resolutions aimed at increasing transparency about companies’ lobbying policies were once again numerous, and Natixis Investment Managers International supported a number of them. Also of note is the growing number of resolutions on reducing gender pay gaps and promoting diversity in governance bodies.

In Italy, shareholder resolutions concerned primarily the appointment of directors. The “*list voting*” system that has been in place in Italy since 2005 allows both majority and minority shareholders to propose lists of directors for vacant board positions. Natixis Investment Managers International’s policy is to vote in favour of the list proposed by minority shareholders in order to increase their representation on the board. As a result, the list proposed by the majority shareholders is opposed, which explains the level of negative votes. Although, at the time, this system was put in place to enable independent shareholders to gain representation on the boards of state-owned companies, it is now widely called into question because these companies are no longer majority-owned by a controlling shareholder.

2.5. CASES IN WHICH NATIXIS INVESTMENT MANAGERS INTERNATIONAL DID NOT FOLLOW ITS VOTING POLICY

Natixis Investment Managers International exercises voting rights in the exclusive interest of unitholders and, therefore, complies with the principles set out in its voting policy.

In 2019, there were no specific cases of resolutions not covered by our policy that would have led us to deliberately vote against the principles set out therein.

2.6. CONFLICTS OF INTEREST

In accordance with its voting policy, Natixis Investment Managers International, a member of the BPCE group, exercises voting rights in the exclusive interest of unitholders and does not participate in the general meetings convened by entities of the BPCE group or its subsidiaries/controlled entities whose securities are traded on the market.

In addition, in 2019, Natixis Investment Managers International did not participate in the general meeting of CNP Assurance, which is one of its major clients.

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